

# ***Office of the Bankruptcy Administrator for the Eastern District of North Carolina***

1760-B Parkwood Boulevard  
Post Office Box 3758  
Wilson, North Carolina 27895-3758  
(919) 237-6854

Two Hannover Square  
434 Fayetteville Street Mall, Suite 620  
Raleigh, North Carolina 27603  
(919) 856-4886

## **SOLICITATION OF PROPOSALS TO PERFORM INDEPENDENT AUDIT OF OPERATIONS OF CHAPTER 13 TRUSTEES**

### ***I. Solicitation***

The United States Bankruptcy Administrator, Eastern District of North Carolina, issues this solicitation and will receive sealed proposals to perform an independent audit of the operations of the Chapter 13 Trustees as specified herein until 4:30 p.m. on June 1, 2005 at Post Office Box 3758, Wilson, North Carolina 27895-3758.

The audits shall be performed for the operations of the following trustees beginning with the fiscal year ending September 30, 2005:

Robert R. Browning  
Post Office Box 8248  
Greenville, NC 27834

Trawick H. Stubbs, Jr.  
Post Office Drawer 1618  
New Bern, NC 28563

Richard M. Stearns  
Post Office Box 2218  
Kinston, NC 28501

John F. Logan  
Post Office Box 61039  
Raleigh, NC 27661-1039

The proposal should include audits of all four operations with the final charge for each office being allocated upon a percentage of hours devoted to each audit. A proposal for Chapter 13 trustee audits for three consecutive fiscal years is requested.

### ***II. Who Should Perform Audit***

The audit must be performed by a certified public accountant willing and able to render an opinion regarding all audit findings. The auditor must be disinterested and independent. The auditor should have no relationship, personal or professional, with the Bankruptcy Judges, the Bankruptcy Clerk, the Bankruptcy Administrator or the Chapter 13 Trustees.

### **III. *When to Perform the Audit***

The audit of a chapter 13 trusteeship is conducted between October 1 and December 15 of each year so that the accuracy of the trustee's annual report for the fiscal year (October 1 through September 30) can be verified as part of the audit.

### **IV. *Scope of the Audit***

The audit should include the following::

- ☐ Verification of the amounts shown on the trustee's cash flow statement;
- ☐ Verification of the total disbursements, by category, shown on the trustee's statement of disbursements (also, a verification by sampling techniques and confirmations of the accuracy of the trustee's records of payments received from debtors and payments made to creditors);
- ☐ Review of the trustee's expense accounts to ensure that payments were made as indicated by the trustee in the statement of disbursements;
- ☐ An evaluation of the accuracy of the trustee's accounting system, including internal controls, together with recommendations for the corrections of any deficiencies;
- ☐ An evaluation of the adequacy of the trustee's employees' bonds as recommended by the Bankruptcy Administrator and set by the court;
- ☐ Preparation of the trustee's annual audit report in accordance with AO (the Administrative Office of the United States Courts) Guidelines and forms to be submitted to the Bankruptcy Administrator on or before January 30 of the year following the audit.
- ☐ A written expression of an opinion directed to the Bankruptcy Administrator as to the effectiveness of the trustee's internal controls and the accuracy of the trustee's records and annual report.

In connection with the audit, the auditor will prepare a management letter. This letter, to the extent applicable, should address the following areas:

- ☐ Restrictive Endorsement of Debtor checks Received and/or use of Bank Lockbox
- ☐ Computer Input/Output Controls
- ☐ Initial Control Over Receipts
- ☐ Daily Deposit of Receipts

- ☐ Daily Deposit Documentation
- ☐ Hard Currency Remittances
- ☐ Creditor Overpayments and NSF Checks
- ☐ Facsimile Check Signing Machine
- ☐ Stale-Dated Outstanding Checks
- ☐ Debtor Refund
- ☐ Review and Cancellation of Expense Documentation
- ☐ Distribution of Signed Checks
- ☐ Undeliverable Disbursement Checks
- ☐ Timeliness of Bank Reconciliations
- ☐ Bank Cutoff Dates
- ☐ Correction of Reconciling Items
- ☐ Approval of Bank Reconciliations
- ☐ Reconciliation of Debtor Ledgers with Checking and Time Deposit Balances
- ☐ Noninterest-Bearing Funds
- ☐ Limited Computer File Access
- ☐ Computer Password Security
- ☐ Computer Programming Security
- ☐ Computer Lock and Key Security
- ☐ Internal Computer Software Edits
- ☐ Periodic Debtor Communication
- ☐ Delinquent Debtors
- ☐ Segregation of Chapter 13 Code Cases from Chapter XIII Act and Chapter 12 Code Cases
- ☐ Case File Maintenance
- ☐ Surety Bonding
- ☐ Operating Budgets
- ☐ Fixed Asset Ledger
- ☐ Segregation of Duties
- ☐ Documentation of Staff Procedures
- ☐ Monitoring of Staff Attendance
- ☐ Safeguarding of Accounting Records
- ☐ Standing Trustee Involvement in Monitoring Internal Controls
- ☐ Joint Cost Allocation

## **V. *Sample Audit Report***

A sample annual report is available upon request.

## **VI. *Place for Receipt of Offers and Addressee***

Proposals will be accepted by the Bankruptcy Administrator, or her authorized agent, addressed as follows:

Marjorie K. Lynch  
United States Bankruptcy Administrator  
Eastern District of North Carolina  
Post Office Box 3758  
Wilson, North Carolina 27895-3758

Hand delivered proposals will be accepted by the Bankruptcy Administrator, or her authorized agent, at the following location between the hours of 8:30 a.m. and 4:30 p.m.:

Marjorie K. Lynch  
United States Bankruptcy Administrator  
Eastern District of North Carolina  
1760-B Parkwood Boulevard  
Wilson, North Carolina 27893

Proposals must be submitted on or before June 1, 2005. The successful candidate or firm will be notified no later than July 1, 2005 by U.S. Mail and telephonically.

## **VII. *Information***

For information concerning the solicitation, contact Tanya Aycock at 252-237-6854.

## **VIII. *Special Identification***

Each proposal should be submitted in a sealed envelope, addressed as indicated in Item VI above reflecting a special identification code "Proposal to Perform Independent Audit" boldly typed two lines below the recipient's address.

Date of solicitation: March 9, 2005

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Marjorie K. Lynch  
U.S. Bankruptcy Administrator, EDNC